

# **NAVAL POSTGRADUATE SCHOOL**

## **MONTEREY, CALIFORNIA**



## **THESIS**

**THE BANK CARD PROGRAM:  
A CASE STUDY**

by

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December 1995

Principal Advisor:

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**THE BANK CARD PROGRAM:  
A CASE STUDY**

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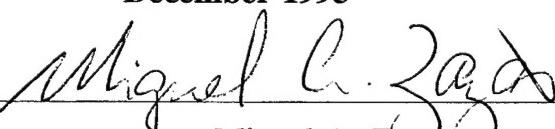
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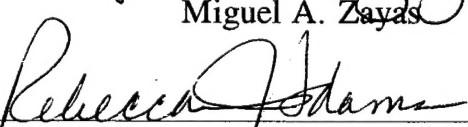
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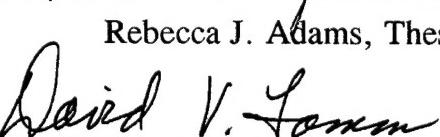
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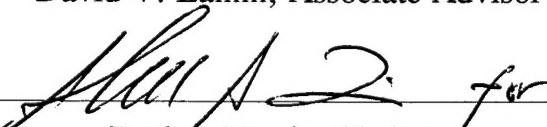
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## **ABSTRACT**

The focus of this thesis is to review the use of the Government-wide commercial bank card known as the International Merchant Purchase Agreement Card (I.M.P.A.C.) at the Naval Air Warfare Center, Weapons Division (NAWCWPNS), China Lake, CA. The intent of the study is to analyze the bank card program. It will identify the basic procedures involved in using the bank card, and will evaluate how China Lake cardholders feel the card has affected their small purchase performance. A survey was developed to assess the bank card program. Cardholders were the respondents of the survey. Bank card data were reviewed from the General Services Administration to determine the status of the program. The conclusions of this research are that the bank card program at NAWCWPNS has been extremely effective. Recommendations include selecting NAWCWPNS as a site for bank card experiments and/or policy and procedural changes to the program. NAWCWPNS can also initiate a DOD council to continue to improve and promote the use of the bank card as a vehicle to support the recommendations of the National Performance Review (NPR) regarding small purchases.



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## I. INTRODUCTION

The Government Bank Card program commonly referred to as the Government VISA card or the International Merchant Purchase Authorization Card (I.M.P.A.C.), is an alternative method of making small purchases for agencies of the United States Government. The card was established as a method for expediting the procurement of small purchases for all Government agencies. The main purpose of the card is to enable activities to obtain low-dollar items using a credit card rather than other traditional methods, such as Imprest Funds, Standard Form 44 (SF-44), Purchase Orders (NAVCOMPT Form 2275) and Blanket Purchase Agreements (BPAs). [Ref. 4]

In 1988, the Department of the Navy (DON) adopted the bank card program as a method for improving the small purchase process. Use of the bank card has expanded substantially in all Government agencies including the Department of Defense. Most recently, as a result of President Clinton's National Performance Review (NPR), the Government has placed renewed emphasis on using the bank card in order to streamline the acquisition process. [Ref. 17]

The focus of this research will be to evaluate the bank card program at the activity level. The research will focus on one activity, the Naval Air Warfare Center, Weapons Division (NAWCWPNS), China Lake, California. This evaluation will be accomplished by examining existing program implementation and card usage in several Federal agencies and NAWCWPNS. The research will be used to determine if any modification can be made to improve the bank card program.

## **A. RESEARCH QUESTIONS**

### **1. Primary Research Question**

What is the bank card process at Naval Air Warfare Center, Weapons Division (NAWCWPNS) China Lake, California, and how might the program be utilized as a procurement example to enhance Department of the Navy (DON) bank card purchases?

### **2. Subsidiary Research Questions**

- a. What are the processes and procedures involved in bank card purchases at NAWCWPNS China Lake?
- b. How does the cost of the NAWCWPNS bank card program compare to other small purchase processes?
- c. Why should commercial vendors accept the Government credit card?
- d. What type of bank card initiatives or changes can NAWCWPNS China Lake conduct utilizing their bank card procedures?

## **B. DISCUSSION**

The Naval Air Warfare Center, Weapons Division (NAWCWPNS), China Lake, California successfully implemented a bank card program in 1988 which allows small purchases to be made through the use of a commercial credit card. The objectives are to simplify procurement, improve productivity, enhance internal controls, provide for better cash management and support customers. [Ref. 23]

The bank card program began as a Government wide pilot program sponsored by the Department of Commerce. The project was authorized by the Office of Management and

Budget (OMB) and operated originally for the National Oceanic and Atmospheric Administration (NOAA) under Executive Order 2353, "Procurement Reform." [Ref. 3] The General Services Administration began administering the program in 1989 in order to provide bank card services to all Federal Government agencies. The Naval Weapons Center (NWC) China Lake (which was officially designated NAWCWPNS on 1 January 1992) began using the bank card in 1988 under a pilot program for the Navy. The implementation of the bank card program at NAWCWPNS will be further described in Chapter III of the thesis. This study will assess the effectiveness of the bank card program and its impact on small purchases.

### **C. SCOPE OF THE THESIS**

This thesis will focus on an analysis of the NAWCWPNS China Lake's bank card program. The research will not analyze the bank card program for all Federal agencies or the DON in detail. The researcher will focus on an analysis of how the existing bank card program is working at NAWCWPNS. The study will be a review and assessment of existing procedures and directives for the use of the bank card for small purchase procurement in the Federal Government. The research will also assess the growth of the bank card program and its compliance with the National Performance Review.

### **D. ASSUMPTIONS**

It is assumed that the reader is familiar with the Federal acquisition process. Specifically, the reader should be familiar with the small purchase procedures contained in

both the Federal Acquisition Regulation (FAR) and its various department supplements. The reader is also assumed to have a basic understanding of Navy and Federal acquisition terminology. In order to assist the reader, a list of all acronyms used throughout this thesis is provided in Appendix A.

## **E. DEFINITIONS**

Agency Program Coordinator (APC) - An individual who serves as liaison between the agency and the contractor. The APC oversees the program, establishes guidelines, and approves the changes to dollar limitation for authorized merchant codes. The APC is responsible for coordination of applications of bankcards, either new cards or modifications to existing cards, new accounts, and destruction of cards; ensures existing procurement regulations are not circumvented; is responsible for all external correspondence relative to the program and resolves issues and concerns with cardholders, Approving Officials, and merchants. The APC coordinates the establishment of reports and administrative training and establishes local procedures for controlling and using cards based on Federal regulations.

[Ref. 20]

Approving Official - An individual who has under his or her purview a number of cardholders. The Approving Official is responsible for, at a minimum, reviewing his or her cardholder's monthly statements and verifying that all transactions made were for necessary Government purchases and in accordance with the Federal Acquisition Regulation (FAR). Other duties may be delegated as agencies/organizations see fit. The Government uses the Approving Official concept in the commercial credit card program for internal control

purposes. The Approving Official provides a critical checkpoint by reviewing the cardholder's transactions to ensure that transactions are necessary and for official Government purposes only. The Approving Official is usually the cardholder's immediate supervisor. [Ref. 7]

Cardholder - Any individual designated by an agency/organization to be issued a card. The card bears the individual's name and can be used by an individual to pay for official purchases in compliance with agency/organization internal procedures. [Ref. 20]

Dispute - A disagreement between the cardholder and Rocky Mountain BankCard System regarding items appearing on the cardholder monthly statement of account. They usually are the result of discrepancies between the cardholder/user's monthly statement from the contractor and their own purchase records. Some examples include incorrect charges, overcharges, multiple charges for the same item (i.e., double billing), and state and local sales tax charges. [Ref. 20]

Rocky Mountain BankCard System (RMBCS) - Colorado National Bank d.b.a. Rocky Mountain BankCard System, a subsidiary of First Bank System, Inc. of Minneapolis, MN has been awarded the contract with Government Visa credit cards. This card has been specifically designed to look different from personal credit cards. The card bears the Great Seal of the United States and has the words, "United States of America," printed on the face. RMBCS has included on the card a registered trademark, "I.M.P.A.C.®," which stands for International Merchant Purchase Authorization Card. RMBCS is responsible for providing the cards to cardholders/users, providing a monthly Statement of Account to each cardholder/user (as well as approving officials and finance offices), and for paying merchants

for cardholder/user purchases. [Ref. 7]

Small Purchase - As defined by the FAR, Part 13, an acquisition of supplies, nonpersonal services and construction below the small purchase limit. At the time of this thesis, the small purchase limit is \$25,000. [Ref. 10]

## F. METHODOLOGY

The methodology for this research consisted primarily of a review of existing policies and procedures for the Government credit card program, interviews with China Lake contracting personnel, interviews with GSA personnel, Naval Supply Systems Command (NAVSUP) and RMBCS personnel, and a review of GSA and NAWCWPNS small purchase records and statistics. Additionally, a questionnaire was developed for China Lake cardholders and approving officials to determine their perceptions of the effectiveness of the China Lake BankCard program. A copy of the cardholder survey is included in Appendix B.

The initial phase of research involved a comprehensive review of existing literature concerning the bank card program. Information was obtained from GSA, NAVSUP, RMBCS and NAWCWPNS China Lake Site. The literature review included the FAR, GAO reports, Defense Logistics Studies Information Exchange (DLSIE) reports, and theses from the Naval Postgraduate School (NPS) and the Air Force Institute of Technology (AFIT). The purpose of the review was to provide the researcher with a basic understanding and background of how the bank card program was implemented and how it works.

The next phase of the research involved conducting interviews and administering a survey to all NAWCWPNS cardholders. It is the researcher's opinion that in order to

determine the effectiveness of the program the users of the cards should be surveyed. A survey was developed to provide an opportunity for cardholders to voice their opinions about the bank card program at NAWCWPNS.

The bank card survey consisted of three sections. Section one consisted of questions that provided information on the cardholder's procurement experience. Section two was designed to obtain information regarding the training the cardholders received. The third and final section provided an opportunity for cardholders to assess the NAWCWPNS bank card program. This section also included an area where cardholders could provide any additional comments they felt were relevant to the bank card program.

The surveys were distributed to all the cardholders at NAWCWPNS China Lake. Some were distributed by the manager of the bank card program at the China Lake site, but the majority were mailed from NPS by the researcher. There was no requirement for the cardholder to provide his or her name.

After all the survey data were collected, each question was analyzed. The analysis and results of the survey responses are in Chapter IV. The survey questions and associated responses should provide bank card management information to assist in possible changes and improvements to the program.

The final phase consists of conclusions developed based on the analysis of the previous chapters. Based on these findings, recommendations are presented which incorporate input from the conclusions, surveys and interviews with bank card officials.

## **G. BENEFITS OF THE STUDY**

This research will help the NAWCWPNS China Lake, California evaluate and compare the effectiveness of their bank card program. It will determine if the program achieved the goals of the National Performance Review (NPR) and those of the installation contracting activity and their customers. Analysis of the survey provided valuable information about cardholder impressions of the BankCard program and possible modifications for improvements. Finally, the research compared Department of the Navy (DON) BankCard policies and procedures with other Department of Defense (DoD) and Federal Government organizations, and provided recommendations to improve Navy credit card participation and NPR goals.

## **H. ORGANIZATION OF THESIS**

Chapter I discussed the purpose and scope of the thesis as well as assumptions that were made. Definitions that are specific to the BankCard program and a brief overview of the methodology were also presented. In Chapter II, background information concerning the BankCard program is presented in order to provide the reader with a history of the program and an understanding of how the Navy, specifically NAWC China Lake, incorporated the I.M.P.A.C. program. Chapter III discusses the implementation of the program at NAWC China Lake and the current procedures in effect. Chapter IV presents the facts and data received from interviews and research, as well as data received in response to the survey. Chapter V presents conclusions and recommendations based on the analysis contained in the preceding chapters and areas for further research.

## **II. BACKGROUND**

Until recently, the Federal Government depended on Imprest Funds and SF-44 forms for the small purchases of goods required by field employees. However, some merchants would not readily accept this system because of the length of time it took to receive payment. Consequently, Government employees had a limited number of sources from which to procure goods.

The end result was that the lowest price was not always obtained, nor were managers fully aware of the purchases made under their jurisdiction in a timely manner. Then, in 1986, employees of the Department of Commerce began a special pilot program to test the use of a bank card for small Governmental purchases. [Ref. 16]

### **A. BACKGROUND OF THE BANKCARD PROGRAM**

The Department of Commerce started using the small purchases' credit card program under a pilot project in 1986. Under the pilot project, the Colorado National Bank, through its subsidiary, the Rocky Mountain BankCard System (Rocky Mountain), provided MasterCard credit cards to Federal agencies to make small purchases. Organizational entities within 24 Federal agencies participated in the pilot project.

In March 1989, the General Services Administration, the central agency responsible for managing Government-wide contracts, awarded a contract to Rocky Mountain for a Government-wide program using VISA credit cards for small purchases. For the most part, agencies that participated in the Commerce pilot project did not start using the GSA contract

until after September 29, 1989, when the Commerce pilot project expired. [Ref. 16]

In the program's first year, 12,000 employees, representing 246 offices in 30 agencies held cards. The program has grown each year and by the end of fiscal year 1994, boasted more than 89,000 credit-card holders from more than 3,600 offices in 66 Government agencies. The researcher contacted GSA to get a current figure on the number of cards issued. Figure 2-1 on the next page shows the number of cards issued as of August 1995. The U.S. Army has the highest number of cardholders with more than 21,000. Liaison with GSA indicates that the number of cards issued will continue to grow in the years ahead. The number of cards issued to the Navy will increase by several hundred when the program is expanded for shipboard use. [Ref. 13]

## **B. ESTABLISHING AND IMPLEMENTING THE PROGRAM**

Government agencies interested in participating in the Government-wide Commercial Credit Card program must first consult their internal procedures, regulations and policy provisions regarding the I.M.P.A.C. It is each respective agency's responsibility to establish and implement its own internal procedures concerning the program. [Ref. 5]

Personnel designated to become cardholders should be Government employees, or cost-reimbursement contractors, who have knowledge of, or are trained in, small purchase procedures. Agencies must develop adequate training for nonprocurement personnel to acquaint them with small purchase requirements and procedures.

Each agency must designate an Agency Program Coordinator (APC) who will

## **NUMBER OF CARDS - as of August 1995**

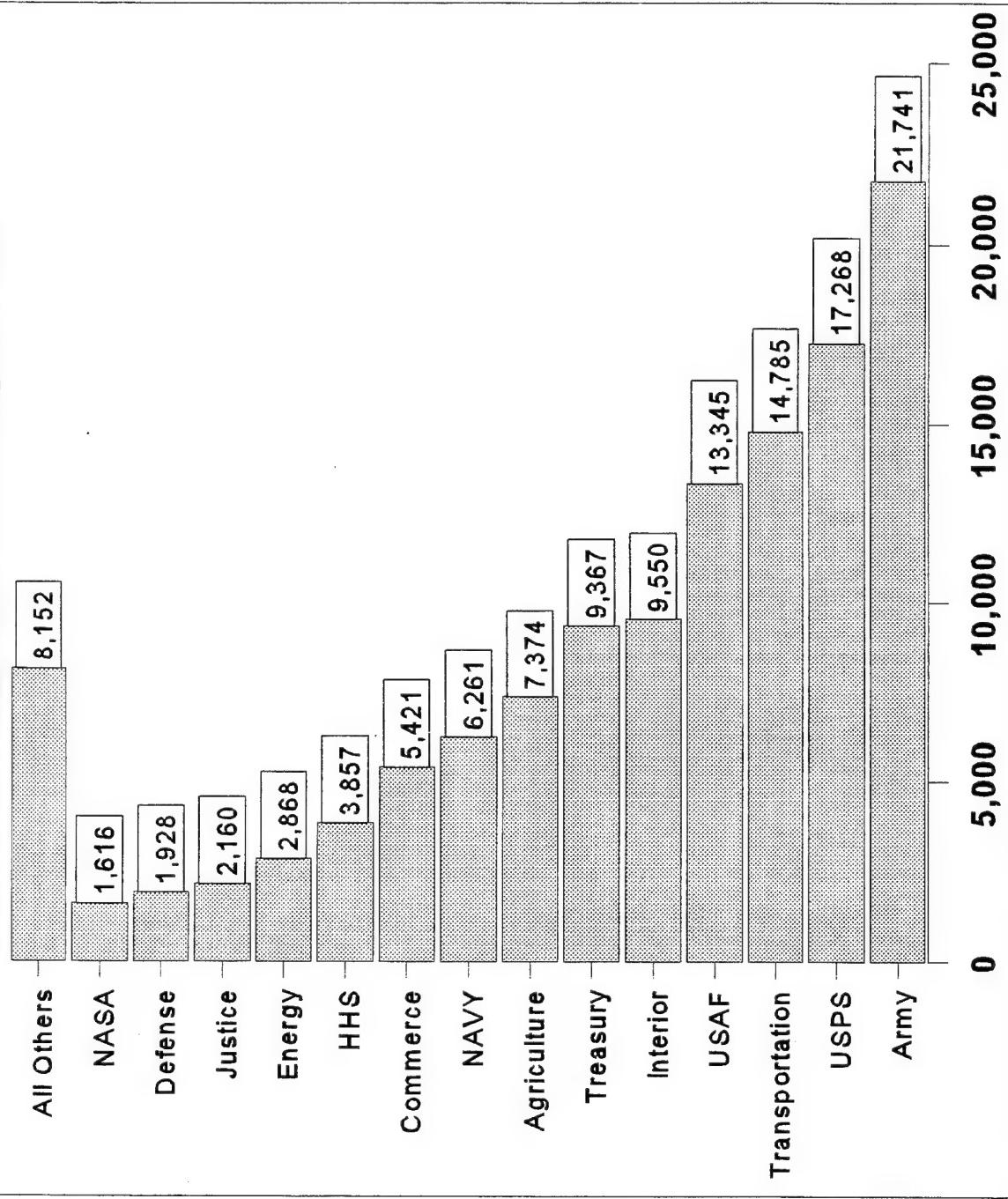


Figure 2-1. Number of Cards (Source: General Services Administration)

function as the agency's primary liaison to RMBCS and GSA. Any changes in the APC information (name, address, phone, etc.) should be sent immediately to RMBCS. The APC will be the agency's representative on technical matters relating to this contract and may be called upon by RMBCS and the GSA Contracting Officer for technical or administrative consultations. The APC is not authorized to make changes under this contract. The GSA Contracting Officer is the **only** individual authorized to modify or alter the terms of this contract. [Ref. 5]

RMBCS must provide on-site implementation and training to all agencies/organizations, at their request, in the areas of finance, reconciliation, implementation, cardholder setup, disputes, other program related functions, and commercial credit card regulations. Within 15 working days of receipt of a delivery order, RMBCS must contact each participating agency/organization program coordinator to develop an implementation schedule. Representatives from the agency's financial community as well as the APC should participate in this meeting. RMBCS provides an Agency Program Coordinator Guide and Training Video, a Designated Billing Office Guide and Training Video, and a Cardholder Guide and Training Video. All travel costs associated with implementation of the program are borne by RMBCS. All costs associated with RMBCS errors in the commercial credit card issuances are also borne by RMBCS. [Ref. 21]

After the implementation meeting, GSA will provide a generic set of internal procedures which can be tailored for the individual organization. After the APC identifies the approving officials and cardholders, he or she should determine what specific controls will apply to each individual cardholder and submit all necessary application paperwork to

RMBCS. RMBCS will mail a VISA I.M.P.A.C. credit card to the cardholders within 10 days of receipt of the applications. Once the card is received, cardholders may begin using it.

### C. USES OF THE CARD

The bank card may be used to purchase supplies and services in accordance with Part 13 of the FAR, DFARS, NAPS, NAVSUPINST 4200.85 series instructions, GSA Contract Guide, Head of Contracting Activity (HCA) instructions, and local operating procedures and to pay for orders placed against established contracts or with established sources of supply. It may also be used as a payment method in conjunction with other procurement methods when authorized in the order, contract or agreement. The card may also be used to order directly from Government required sources (e.g., GSA stock, FPI, etc.). [Ref. 10]

The bank card is intended to streamline payment procedures and reduce administrative burdens associated with traditional and emergency purchasing of supplies and services under the Federal Acquisition Regulation. Agencies commonly use the bank cards to buy office products, computer hardware and software, tools, building supplies, subscriptions to periodicals and electronic equipment.

Congress endorsed the program, and encouraged agencies to use it, in the Federal Acquisition Streamlining Act that was signed in October 1994. Agencies were told they should use the card for most purchases less than \$2,500, with the exception of mandatory source purchases and purchases exempt under agency specific regulations. Some of these limitations will be discussed below in Section D.

The following three figures illustrate the growth of the bank card program. Figure 2-2

shows the I.M.P.A.C. program sales since 1989. From 1993 to 1994 the total program sales almost doubled. As in all previous years' records, total sales for 1994 continued to reflect the positive results the bank card program has brought to Government agencies. Liaison with RMBCS indicates that this year (1995) they are looking at surpassing the \$1 billion mark in total program sales.

Figure 2-3 illustrates DOD sales growth for FY 94 and FY 95. The figure shows a comparison of the sales for DOD using the I.M.P.A.C. card in FY 94 and FY 95. The program growth has been significant. Navy's growth from FY 94 to FY 95 is 67%, Army growth is 132%, Air Force growth is 157%, and DOD growth was 193%. Figure 2-4 on the page 16 illustrates agency sales volume for FY 94/95.

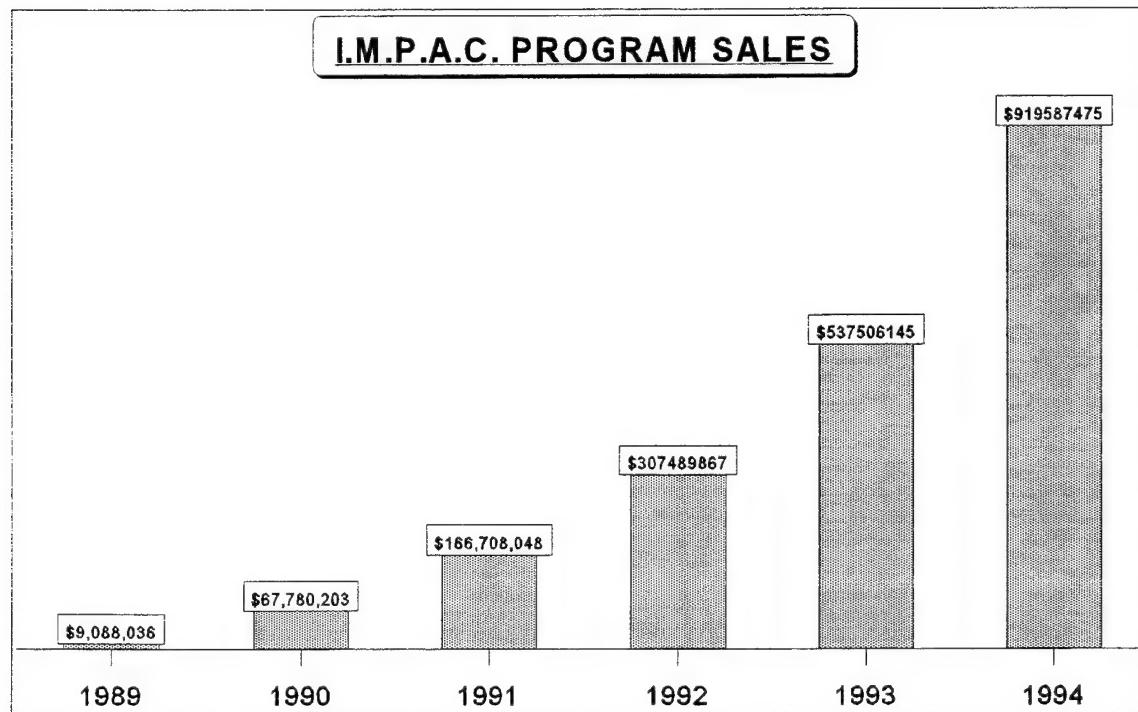


Figure 2-2. Program Sales (Source: RMBCS)

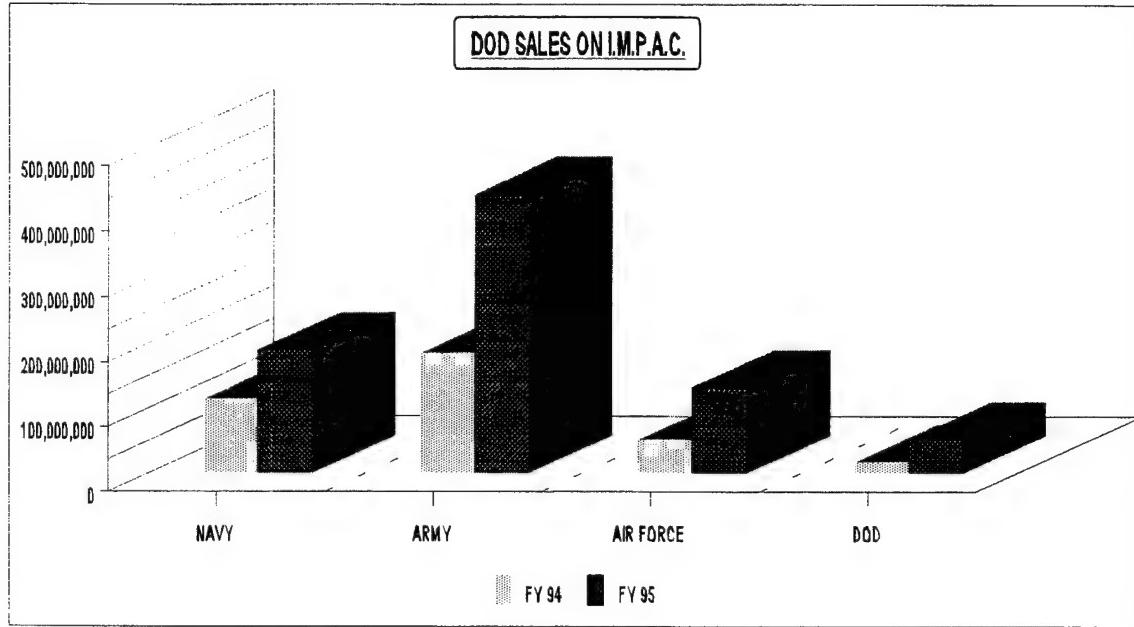


Figure 2-3. DOD Sales (Source: RMBCS)

#### **D. LIMITATIONS OF THE CARD/MANAGEMENT CONTROLS**

The researcher discovered that there were only a few limitations placed on the card on the initial GSA contract. The majority of the limitations are placed by the individual agencies (particularly DOD agencies). In accordance with the GSA contract guide, the I.M.P.A.C. **shall not** be used for the following items:

1. Cash advances (not permitted under any circumstances).
2. Rental or lease of land or buildings.
3. Telecommunications (telephone) services. However, telephone equipment may be purchased, unless restricted by an agency.

The Naval Supply Systems Command (NAVSUP) has responsibility for the

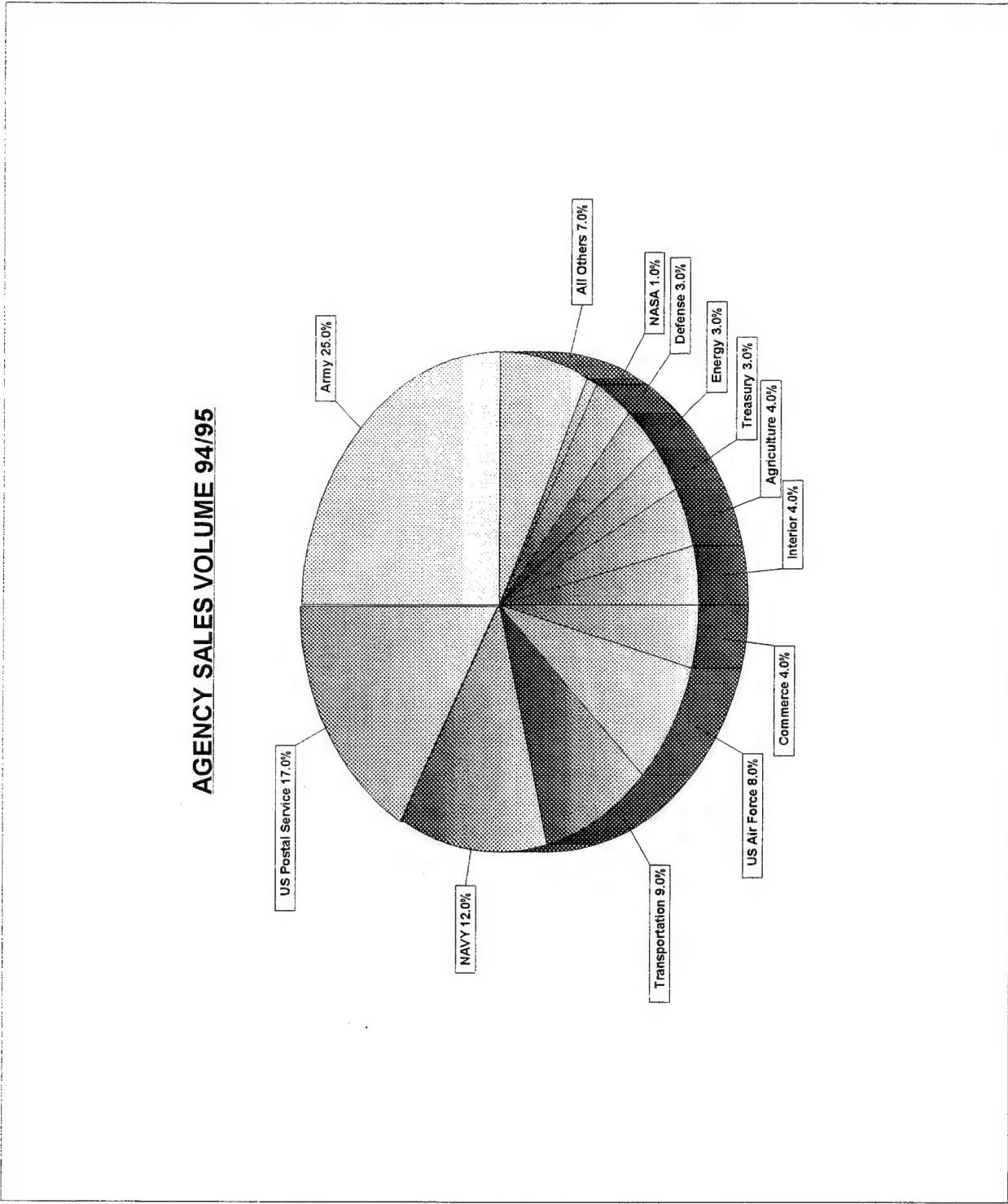


Figure 2-4. Sales Volume (Source: General Services Administration)

Governmentwide Commercial Purchase Card Program Policy within the Navy. All DON activities must comply with both the GSA contract guide and the NAVSUP policy set forth in NAVSUP INSTRUCTION 4200.91. In addition to the GSA limits, DON activities **shall not** use the bank card for the following:

1. Services (purchase card shall be used for supplies only).<sup>1</sup>
2. Rental or lease of motor vehicles, whether or not on official travel.
3. Rentals or leases more than 30 days in duration (e.g., annual or multi-year agreements).
4. Travel expenses for transportation, lodging, or meals.
5. Gasoline or oil for vehicles; except if specifically authorized by the HCA/Procurement Management Review office for DON-owned aircraft, vessels, and vehicles.
6. Repair of GSA leased vehicles.
7. Hazardous Materials.
8. Naval Facilities Engineering Command (NAVFAC) cognizant services (e.g., construction, architectural and engineering services, facility support).
9. When a bilateral purchase order is required (e.g., Foreign Military Sales, classified requirements).
10. Purchases that require Federal or military specifications.

In addition to the above limitations, DON activities' local operating procedures must

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<sup>1</sup>Effective Oct 1995, NAVSUP policy was changed to allow DON cardholders to use the bank card to obtain firm-fixed price commercially available services.

also include any other items restricted by DOD, DON, or HCA instructions. DON activities shall comply with the restrictions and/or approval requirements in the "List of Items Requiring Special Attention" contained in NAVSUPINST 4200.85 Series. For example, purchase requests for Federal Information Processing (FIP) resources (e.g., automated data processing and telecommunications equipment, software, hardware, and supplies) must contain evidence of life cycle management documentation and approvals required by SECNAVINST 5231.1 series. [Ref. 11]

The controls on the bank card program are designed into the contract and authorization process. VISA requires a merchant to obtain authorization if a purchase exceeds their floor limit. This is generally \$50.00. If for any reason the merchant fails to obtain this authorization and subsequently the purchase is refused by the issuer - RMBCS- the merchant would be liable for the amount of the sale. An increasing number of merchants in the United States have a small machine called a "Point-of-Sale" terminal that requires a sales clerk to run the credit card through the machine so that information is transmitted electronically to the card issuer for authorization. When a Point-of-Sale terminal is used, all transactions must be authorized regardless of the amount. [Ref. 21]

Since the U.S. Government, not the individual employee, will pay for the purchases made with the I.M.P.A.C. credit card, additional authorization controls have been added to these accounts. When authorization is sought for a purchase by the merchant, the RMBCS' authorization system will check each individual cardholder's single purchase limit, the cardholder's 30-day limit, the Approving Official's Office Limit and the type of merchant where the cardholder is making a purchase, before authorization for that transaction is

granted. (Each activity can eliminate during the initial application process, specific merchant categories which the cardholder cannot use.) A list of merchant category codes is provided in Appendix C.

## **E. WHY VENDORS SHOULD ACCEPT THE I.M.P.A.C. CARD**

While the bank card program simplifies and speeds the procurement process for the Government, it also provides benefits to the vendor. The key benefits include increased sales, increased profitability and reduced expense.

### **1. Increased Sales**

As agency buyers increasingly discover the benefits of paying with the bank card, they are seeking those vendors who honor VISA for the purchase of goods or services.

### **2. Increased Profitability**

Unlike the acceptance of a Government Purchase Order, where you may wait thirty to sixty days or more for payment, vendors are paid immediately when payment is by the I.M.P.A.C. VISA card. The elimination of float means greater profitability for the vendor.

### **3. Reduced Expense**

Because vendors are not required to process special Government procurement forms and become involved in the agency's accounting process, sales to Government agencies become less paper intensive and conform to the routing procedures vendors now follow with commercial sales. Since vendors receive payment at the time the goods and services are delivered, it is no longer necessary to phone or correspond with the Agency Finance Office regarding delinquent or disputed payments.

## **F. VENDOR'S COST AND EQUIPMENT NEEDED**

The cost to vendors for accepting VISA card is negotiated between the company and the financial institution they contract with to process their VISA deposits. Pricing for the service is competitive and varies from bank to bank.

### **1. What does it cost?**

Vendors should shop around for the best deal. The price will be based on several factors, including the volume of VISA business they process and the average size of the individual sales transaction. Typically vendors can expect to pay between 2 and 3 percent of the purchase amount on each transaction. This percentage is commonly referred to within the VISA System as the "Merchant Discount Rate." [Ref. 18]

### **2. Special Equipment Needed**

A couple of processing options are available to a participating merchant. Each method discussed below will have a different affect on the merchant discount rate they will pay for the service.

#### **a. *Traditional Processing Method***

The traditional method of processing VISA sales is for the vendor to prepare a multi-part paper draft on each transaction. One part of the draft is deposited with the processing institution for credit, and for routing of the transaction information to the card issuer. The only specialized equipment needed for traditional processing is a counter-top embossing machine. This machine is normally provided by the processor at minimal cost. A telephone is also needed to obtain authorization prior to completing the sale on purchases more than \$50.00.

*b. Electronic Processing Method*

This method is available to vendors through the use of either a special electronic terminal or by adding software and a modem to the vendor's personal computer. Use of the terminal eliminates the need for preauthorizing via the telephone, and the system automatically captures the transaction data for processing and credit to the vendor's account.

**G. SUMMARY**

This chapter presented a brief background of the bank card program. GSA awarded a contract to RMBCS to provide VISA I.M.P.A.C. cards and credit card services. The bank card program is intended for purchases of commercially available items and is designed to replace other traditional methods such as BPAs, SF-44s, and imprest fund transactions. The implementation process with GSA was introduced. The uses of the card and illustrations on the growth of the program show that the program is expanding. The program has specific limitations and management controls which enhance the use of the card. Vendor benefits of accepting the Government bank card include increased sales, increased profitability and reduced expenses. Chapter III will present the bank card program at NAWCWPNS, China Lake, CA.



### **III. NAWCWPNS BANKCARD PROCESS**

The primary mission of NAWCWPNS is to conduct research, design, development, test, and evaluation of various weapons and associated systems. NAWCWPNS employees are organized into eight competency areas: Program Management, Contracts, Logistics, Engineering, Test and Evaluation, Industrial, Corporate Operations, and Shore Station Management. The workforce consists of approximate forty-two military and 3,783 civilian personnel (on board in 1994). The researcher has selected a topic within the Contracts Competency area. The Contracts Competency provides the people, skills, knowledge, facilities, equipment, and processes to develop, plan, phase in, award, continue, modify, and integrate contracts' considerations into the various mission/project responsibilities of the Weapons Division. [Ref. 23]

This chapter will concentrate on the operations and procedures of the existing bank card program at NAWCWPNS China Lake. The research will discuss the procedures for the use of the card. The method of data collection consists of interviews with the key participants in the bank card program, including the Director of the Weapons Systems Contracts Group and the Manager of the BankCard Program.

#### **A. A BANKCARD PURCHASE AT NAWCWPNS**

The bank card procurement system was established to help the technical codes at NAWCWPNS get small purchase, or emergency material, in a matter of days rather than months. As discussed in the previous chapter, the system began in July 1988 as a pilot project

and has been booming ever since. It was originally established as an emergency purchase system, i.e., if a code needed a widget tomorrow, or the project would come to a halt, then the engineer could use the card as a means of buying that widget today. Because the cardholders have found the card to be a quicker and more efficient means of procuring material less than \$2,500, the card is now used frequently all over the center.

### **1. Transaction Flow**

Before continuing with the NAWCWPNS process, the researcher believes it is important and beneficial to know how using the bank card affects the vendor and what takes place once a purchase has been made. Figure 3-1 on the following page illustrates a typical transaction. The transaction flow is as follows:

- After the cardholder makes a purchase, this information is forwarded to the vendor's bank for processing.
- When processed, the vendor should receive payment for the transaction within 48 hours.
- The vendor's bank then transmits all sales information to the VISA base network who distributes the information to the appropriate card issuer (in this case - RMBCS).
- RMBCS receives this information electronically and posts the transaction to the appropriate account number.
- A Cardholder Statement of Account is then generated on the agency's cycle date and sent to the cardholder's address listing the transactions made within that billing cycle.

## TRANSACTION FLOW

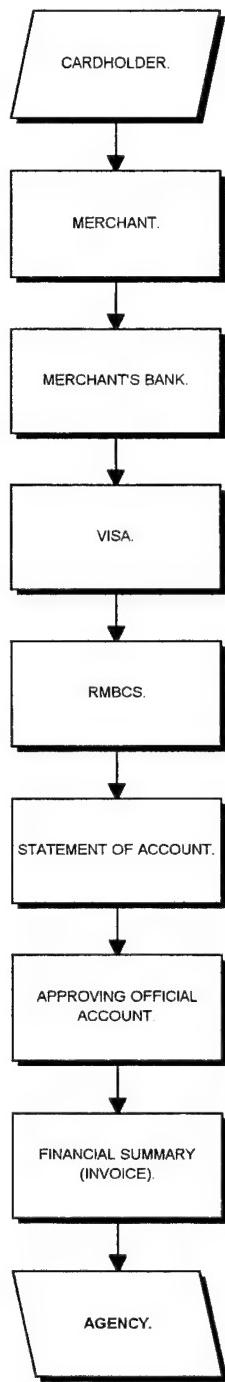


Figure 3-1. Transaction Flow.

- All transactions (whether they are a charge or credit) on the Statement of Account are automatically transferred to the Approving Official Account on a daily basis.
- Then at a cycle date, the sum of the transactions on each Approving Official Account, are forwarded onto an invoice report. The total transferred to the invoice is the amount that should be paid by the activity.

## **2. A BankCard Purchase at NAWCWPNS**

One of the main reasons the researcher selected NAWCWPNS for review is the fact that they have automated the bank card process that was started in 1988. The China Lake automated bank card program was implemented on November 4, 1991. Prior to automation the cardholder had to manually initiate all transactions by preparing a purchase log form. The researcher will review both the manual and automated programs to demonstrate a comparison of the two programs and also because a small number of activities within NAWCWPNS are still using the manual program. A typical bank card process is illustrated in Figure 3-2 on the following page.

The following scenario provides an example of a bank card transaction at NAWCWPNS.

**Example:** John, an NAWC bank card holder, decides that he needs a widget in order to continue his current project. He knows that this widget is less than \$2,500 and can be purchased for a reasonable price through a local business in town. John fills out a Purchase Log Form and places the order. He can either pick up the widget or have it shipped.

## NAWCWPNS BANKCARD PROCESS

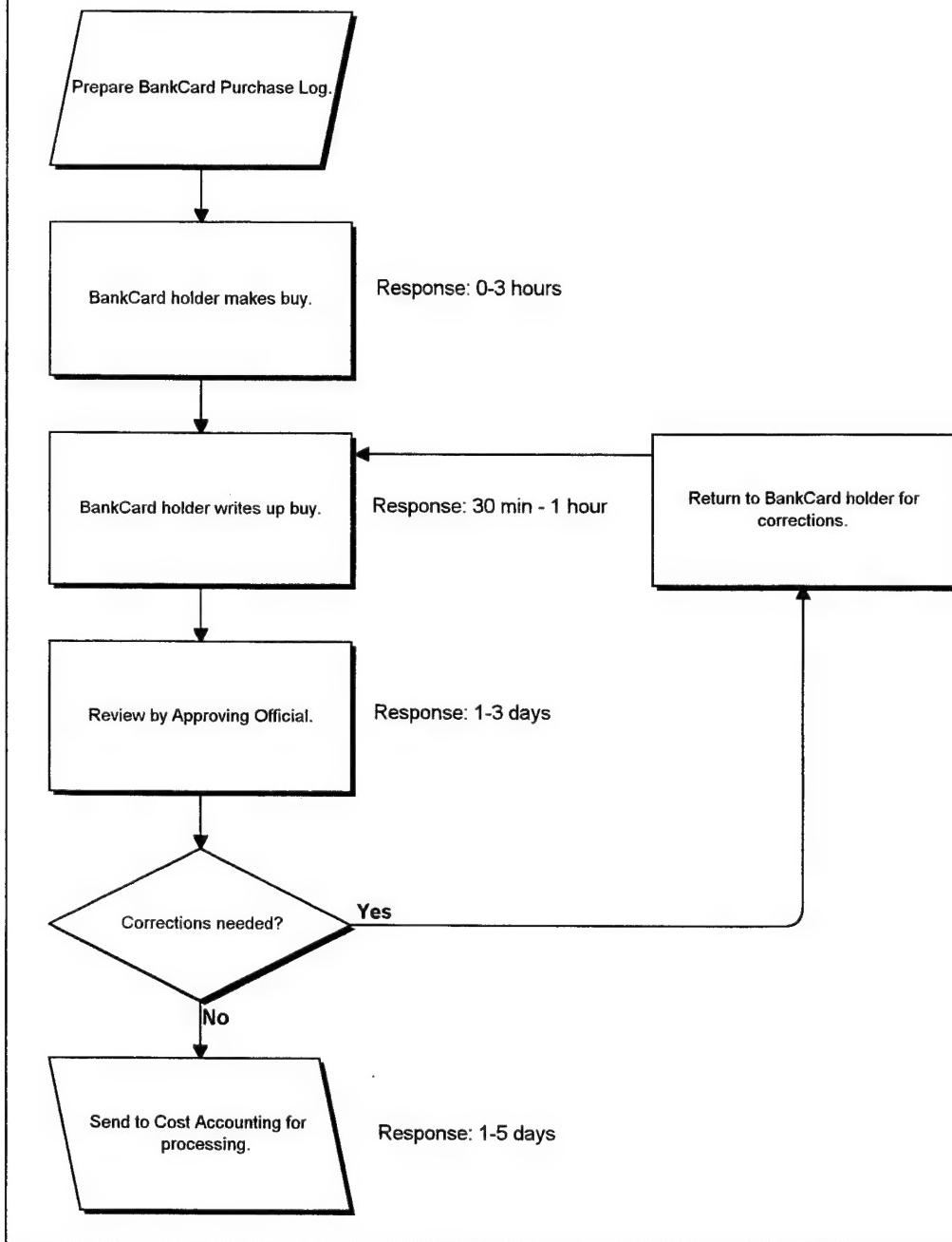


Figure 3-2. NAWCWPNS BankCard Process.

The purchase Log Form is a two-page form (four copies are used) that is the equivalent of a purchase order. The cardholder must make four copies of this purchase log. The number one copy is for obligation purposes. The number two copy is for receipt and costing purposes. The number three copy is forwarded to the plant/minor property account custodian to keep track of any plant accountable material. The number four copy is the cardholder's copy. The cardholder must keep this copy for auditing purposes. [Ref. 8]

The cardholder then forwards his number one copy of the Purchase Log to the appropriate Financial Management Code. He also forwards the number three copy to the Plant/Minor Property Account Code. The number two copy is retained until he receives the Statement of Account (SOA). He will retain all receipts he gets as substantiating documents for this purchase. These will be used later in the reconciliation of the SOA.

At the end of the billing cycle the cardholder reconciles his or her monthly statement with the hard copy purchase logs. The cardholder then forwards the purchase logs and supporting documentation to his or her approving official. The approving official then reviews and approves the buys and forwards the paper work to cost accounting.

With the automated system, the cardholder prepares the purchase log directly into the computer system using function key driven screens. A purchase log tracking number can be assigned by the system or the user. The cardholder can enter up to ten line items per purchase log (a limitation requested by the comptroller). There is full validation on many of the data elements. For instance, the user must use a job order that is on file and open for materials. Dates entered must be valid, a description is required, and keywords are required.

The system has its own vendors' data base and allows users to select from its data

base or will allow the user to add a new vendor (mandatory information is required). There are also several special approval screens where the user must enter any special approvals when required and identify who gave the authorization.

At the end of the billing cycle, the cardholder must still reconcile his or her statement with what was entered into the system, assigning a Statement of Account (SOA) date to the purchase logs reflected on their statement. When this is completed, the cardholder forwards his or her statement and any supporting documentation to the approving official. The approving official then goes on-line to verify the buys and approves them. After this step is completed, the statement and supporting documentation are sent to cost accounting for processing.

The process appears to be identical to the manual process, however, there are no additional copies sent to receiving or plant property because there are electronic interfaces and automatic reports that are sent to each of these activities. Additionally, obligation and costing data are sent to cost accounting electronically for processing in their financial system. Modifications and cancellation information can also be transmitted in the system. Since China Lake operates under a service cost center system, they also transmit a cost fee record reflecting a 3 percent surcharge for new orders.

Other features of the automated program include purchase log, vendor and job order query capabilities. There is on-line help for each screen of the automated system. The system also has on-line information that users are forced to see each time they log on. This allows management to inform the users of any important information in a real time mode. There are also print capabilities and about fifteen canned reports where users can view the information

on-line. [Ref. 2]

It was beyond the scope of this research to evaluate all the specific savings and details of the automated system. However, the researcher interviewed the manager of the bank card program and the computer specialist responsible for the automated bank card to find out their views on the automated program. [Refs. 1 & 2] Some benefits include the fact that cost accounting no longer has to have someone manually enter the purchase log information into their financial system; this is a savings of approximately two man years. Plant property does not have to have someone open hundreds of guard-mail envelopes daily to check if any line items on each purchase log need to be bar coded for property accounting purchases; a savings of about one man year. It is also much easier for procurement branch representatives to audit cardholders utilizing on-line query, on-line reports and regularly scheduled monthly reports. Data calls are also much easier and faster to perform.

### **3. Monthly Statement Reconciliation**

The bank card has a thirty-day billing cycle starting at the 22nd of one month to the 21st of the following month. RMBCS will issue a monthly SOA to each cardholder. The SOA is mailed to each cardholder within five days of the end of the accounting cycle. The SOA is a listing of all purchases that have processed through the cardholder's account during that billing cycle. [Ref. 8]

Upon receipt of the SOA, the cardholder must ensure that all charges are valid and attach any backup documentation to the SOA. Reconciliation also includes completing any Statement of Questioned Item (SQI) forms for any disputed items and making any monetary adjustments in the automated system so the system charges the amount referenced on the

SOA. The cardholder then signs the completed SOA and forwards it to his or her assigned Approving Official. The Approving Official must review the SOA, review and approve the purchase logs, then sign the back of each page of the SOA. The Approving Official must ensure that the cardholder has made all the necessary monetary adjustments before approving the SOA for processing. It is the Approving Official's responsibility to ensure that the cardholder has followed the reconciliation procedures properly before submitting the SOA to cost accounting. [Ref. 8, Section 5.0]

## **B. CARDHOLDER RESPONSIBILITIES**

The unique VISA card issued by RMBCS has the cardholder's name embossed on it. No members of his or her staff, the supervisor, or anyone else may use the card. It is especially designed so that it won't be confused with personal cards, because of the unique name I.M.P.A.C. In all other aspects this is considered a regular VISA credit card.

Use of the bank card in no way relieves the cardholder from prohibitions, controls, or required authorizations that exist regarding the acquisition of certain types of goods and services for the Federal Government.

The I.M.P.A.C. card is for Government use only. Intentional use of this card for other than official Government business is considered an attempt to commit fraud against the U.S. Government and may result in immediate cancellation of the individual's card and disciplinary action. The individual will be personally liable to the Government for the amount of any non-approved purchases and possible subjection to a fine of not more than \$10,000 or imprisonment for not more than five years or both under 10 U.S.C. 287. [Ref. 5]

## **C. NAWCWPNS BANKCARD COSTS**

### **1. Background**

The Procurement Department at NAWCWPNS authorized a study to assess the life cycle process costs of the primary methods of procuring small requirements (less than \$25,000) at the China Lake site. The methods are the Supply System Requisition, the traditional Simplified Purchase, the Automated BankCard purchase, and the Small Procurement Electronic Data Interchange (SPEDI) method. [Ref. 9]

The SPEDI System is designed to increase productivity at the NAWCWPNS by expediting the procurement of supplies and services costing \$25,000 or less. SPEDI accomplishes this by supplementing, automating, and simplifying procedures for ordering, receiving, identifying, costing and invoicing. SPEDI system contracts are requirements types which mandate that they are the first source of supply if the item is available. If an order is placed and the vendor indicates that the order cannot be filled within the necessary time frame, the initiator is free to use an alternate procurement method. Cost differences do not constitute a justification for using an alternate procurement approach. [Ref. 9]

Included in the cost for Automated BankCard, Simplified Purchase, and SPEDI are all available costs for customer initiation, procurement labor associated with the particular process, associated automation expense, and direct processing costs of organizations outside of Procurement required in the processing of a procurement action.

The Supply System costs include the costs associated with operation of warehouses and management of inventory as well as procurement of large quantities of items for stock

and for individual use.

The purpose of the study was not to determine which process was "better" or "best." All processes are required in order to adequately serve the broad spectrum of all China Lake customers. The study was not intended to document "consequential" savings associated with either the BankCard or SPEDI processes, but to show direct life cycle process costs. In 1994 the Commander, Naval Air Weapons Station (NAWS), China Lake, authorized a second study to extend the usefulness and to accompany the previous study completed in 1993 with fiscal year 1993 data. [Ref. 12]

## 2. Conclusion

Table 3-1 illustrates the costs which were determined for fiscal year 1993 for processing system requisitions and processing simplified purchase requisitions on a per line item basis:

METHOD OF PROCESSING	AVERAGE COST PER LINE ITEM	FIXED AS % OF COST	FIXED COSTS	VARIABLE COSTS
Supply System Requisition	\$270.38	19.0%	\$51.44	\$218.94
Simplified Purchase	\$177.06	44.5%	\$78.75	\$98.31
SPEDI	\$ 97.18	66.3%	\$64.41	\$ 32.77
<b>Automated BankCard</b>	<b>\$ 44.60</b>	<b>19.9%</b>	<b>\$ 8.86</b>	<b>\$ 35.74</b>

Table 3-1. NAWCWPNS FY 1993 Life Cycle Costs

It was concluded from the study that a return to the traditional method of acquiring small dollar value items and services at NAWCWPNS would not be cost effective in this era

of downsizing, consolidation and reduced budgets. The initial study completed in 1993 reported the average FY 91 cost per manual BankCard order to be \$68.15. The FY 93 automated BankCard cost has decreased to \$44.60. Through use of automation in the ordering, receiving, payment, and reconciliation processes, the BankCard process has managed to reduce much of the labor necessary to perform the requisitioning through delivery process.

#### **D. COST-BENEFIT ANALYSIS FOR OTHER AGENCIES**

The researcher also reviewed a cost-benefit analysis performed by the Purchase Card Council in September 1994. The Procurement Executive for the Department of the Treasury spearheaded this project to demonstrate endorsement of the usage of the Government purchase card. The council included ten Executive Branch agencies. [Ref. 15]

Participating agencies were asked to perform a detailed cost-benefit analysis on small purchases of \$2,500 and below, in order to compare the costs of making purchases using written purchase orders in a centralized small purchasing office versus using bank cards in program offices where the requirement existed. The results of the cost-benefit analysis show that the average cost (arithmetic mean) among the participating agencies for processing a purchase order and a bank card buy, from identification of the requirement through closure of the sale and payment are as follows:

Cost of Purchase Order = \$94.20

Cost of BankCard Order = \$40.43

Potential Savings = \$53.77

## **E. SUMMARY**

This chapter presented a brief background of the bank card program at NAWCWPNS China Lake, California. The bank card program was initially established to help technical codes at NAWC get small purchases, or emergency material, in a rapid and efficient manner. Due to the success and efficiency of the program the card is now being used more frequently for procuring material less than \$2,500. The transaction flow for a Government credit card purchase is a relatively simple process that is identical to a commercial credit card transaction. NAWCWPNS has implemented an automated bank card process that is also an effective data gathering and a management tool. The procurement department at China Lake assessed the life cycle process costs of small purchase methods. The BankCard program has the lowest cost per order of all methods studied. Other Federal agencies have also experienced potential savings from the use of the bank card when compared to the cost of a traditional purchase order. Chapter IV will present and analyze data and responses to surveys from cardholders at the NAWCWPNS activities.



## **IV. DATA PRESENTATION AND ANALYSIS**

In order to determine the effectiveness of the current bank card program at NAWCWPNS, the researcher developed a survey which was designed to provide a general assessment of the program. This chapter contains the data presentation and analysis of the survey which assesses the NAWCWPNS bank card program. The first two sections discuss the cardholder's procurement experience and training. The final sections discuss an overall assessment of the bank card program.

### **A. NAWCWPNS CHINA LAKE CARDHOLDER SURVEY**

Surveys were sent out to all personnel who are authorized to use the bank card at NAWCWPNS. A list of 274 cardholders was provided by the manager of the bank card program. The initial 100 surveys were distributed by the China Lake site via guard mail on 10 October 1995. The remaining 174 surveys were mailed out from the Naval Postgraduate School. Surveys were distributed to all three NAWCWPNS sites (China Lake, Point Mugu and White Sands). The researcher requested that the surveys be returned no later than 10 November 1995. The researcher received 141 responses prior to 10 November. The response rate was approximately fifty-one (51) percent.

The survey had three major sections, Procurement Experience, Training, and Assessment of the Bank Card Program. Responses to each question are presented followed by an analysis of the responses.

## **1. Procurement Experience - Results and Analysis**

### **a. Question 1**

Prior to becoming a card holder, had you ever worked in Government procurement? Yes/No. How long?

### **b. Analysis**

Ninety-nine (99) percent of the cardholders answered this question. Twenty-three (23) percent responded that they had worked in Government procurement prior to becoming a cardholder. The average time cardholders worked in Government procurement was 4.4 years. The range of responses was from a minimum of six (6) months to a maximum of eleven (11) years. Position titles for the experienced cardholders included Program Analyst, Senior Office Manager, Administrative Officer, Material Controller, Procurement Technician, Logistics Management Specialist, Equipment Specialist, Senior Staff Engineer, and Head of Track Operations. All of these positions are involved with procurement. However, none are directly associated with purchasing. The survey indicates that the majority of the cardholders have no actual Government procurement experience. Seventy-seven (77) percent of the cardholders answered that they had no prior procurement experience.

### **c. Question 2**

Are you currently a card holder? Yes/No. If yes, how long have you been a card holder?

### **d. Analysis**

All 141 respondents were current cardholders. Only six cardholders failed to complete the section which requested the length of time they have been cardholders. The

answers ranged from three (3) months to ninety-five (95) months. On average, the typical cardholder has had the bank card for just over three (3) years. Since NAWCWPNS was one of the original Navy sites to implement the bank card program in 1988, there was some variation in the amount of time provided as answers.

**e. Question 3**

What is your average number of monthly credit card purchases?

**f. Analysis**

One hundred thirty (130) cardholders answered this question. The range of answers varied from zero to one (0-1) purchases per month to seventy-five (75) purchases per month. On average, the typical cardholder made thirteen (13) bank card purchases. Some individuals answered by listing their spending limit. These answers ranged from \$2,400 to \$50,000. The number of purchases is directly related to the spending limit authorized for each cardholder. Some individuals may reach their limit early in the month with just one purchase.

**2. Procurement Experience Summary**

The majority of cardholders (77%) at NAWCWPNS have not worked in Government procurement. The position titles of cardholders include Industrial Engineer, Budget Analyst, Public Affairs Assistant, Computer Specialist, Office Manager, Computer Programmer, Physical Science Technician, Electronic Engineer, and other technical specialties. The typical cardholder has used the bank card for more than three years and makes an average of thirteen bank card purchases. The researcher believes that the experience of the cardholders benefits both the activity where the cardholders are serving and the procurement organization. By

having a higher number of non-procurement personnel as cardholders the activity can concentrate their contracting efforts on servicing the customers whose requirements must be met by other established methods.

### **3. Training - Results and Analysis**

The intent of this section was to determine if the training provided to cardholders adequately prepared the individuals for bank card purchases. Cardholders were also asked if the current training could be improved.

#### **a. Question 4**

How many hours of bank card training did you receive prior to becoming a cardholder?

#### **b. Analysis**

All cardholders answered this question. Six of the cardholders indicated that it was too long ago to remember. Forty-four (44) percent responded that they received eight hours of training. Twenty (20) percent answered that they received only four hours of training. The remaining thirty-six (36) percent answered anywhere from one hour to as much as thirty-six (36) hours. The average of all responses was 8.2 hours of training. NAVSUP policy requires that prior to issuance of a card, all prospective cardholders and cognizant approving officials receive orientation on local operating procedures. Refresher training is required at least every three years for cardholders and others involved in the process to ensure compliance and understanding of contracting authority and local operating procedures. [Ref. 10]

**c. Question 5**

Have you received follow-up training? Yes/No

**d. Analysis**

Only three cardholders left this question blank. Thirty-eight (38) percent indicated that they have not received follow-up training. Sixty-one (61) percent indicated that follow-up training was conducted. Some cardholders only consider classroom training as follow-up training, and others consider phone calls to the BankCard manager as training. The researcher believes that follow-up training is essential in order to keep cardholders abreast of changes and modifications which affect the bank card program and possible lessons learned from other users.

**e. Question 6**

What type of training did you receive? Video / Classroom / Other

**f. Analysis**

Fifteen (15) percent of the cardholders received their training by both video and classroom lectures. However, the majority (85 percent) received classroom training. Some of the cardholders mentioned that they received training from handouts received by mail which included changes and modifications to the procedures. Others listed one-on-one training received from other cardholders.

**g. Question 7**

Did the training you received adequately prepare you for the duties of cardholder? Yes/No. (If No, please explain)

## **h. Analysis**

Eighty-six (86) percent of the cardholders felt that the training they received adequately prepared them for their duties as cardholders. One individual commented that the original training seems to have been better than what newer cardholders have received. The only other comment from the individuals who answered "yes" was that all situations were not covered in the classroom. However, they could call the bank card representative when they could not find an answer in the manual. Only fourteen (14) percent of the cardholders answered that the training was inadequate. Comments from these individuals included:

1. A flow chart from start to finish would be beneficial since there are so many things to check.
2. The rules and procedures were not explained well enough.
3. Not enough training was provided regarding the FAR/DFARS.
4. Training was done too far ahead of the actual use of the card.
5. Training was not thorough enough in some areas.

A review of the training manual reveals that the training is detailed and covers most routine situations. The training is not intended to make cardholders procurement specialists. However, it does cover enough background and rules to get the cardholder started and keep them from making mistakes. The China Lake Site manual includes step-by-step procedures for making purchases on both the manual and automated bank card purchase system. In some instances, cardholders received their training months before they made their first purchase.

**i. Question 8**

How can the training be improved?

**j. Analysis**

Forty-one (41) percent of the cardholders did not make recommendations for improving the training. Fifty-nine (59) percent felt that the training could be improved. Some of the most common recommendations presented by the cardholders were:

1. Schedule follow-up/refresher training more often (this was the most common recommendation).
2. Conduct training just before receiving the card - not months before.
3. Have computers in the classroom for more "hands-on" training.
4. Team a new cardholder with an established cardholder for on-the-job training.
5. Conduct round-table discussions with cardholders to get ideas on how to improve the program based on their experiences.
6. Discuss the purpose of the card and how SPEDI is involved; include more information on mandatory sources and GSA.
7. Have every cardholder attend and pass a defense small purchase class every three years.

**4. Training Summary**

NAWCWPNS cardholders are receiving required training. Cardholders are receiving formal classroom training which adequately prepares them for their cardholder duties. There is no formally scheduled follow-up or refresher training. However, the bank card program office is available for assistance. The handbook used during the formal training is an excellent

reference for answering routine questions and demonstrating step-by-step procedures involved in the bank card process. The survey responses indicate that some improvements can be made to enhance the training program. Some of the suggestions are already incorporated into the current program. The most common recommendation was that the training be completed around the same time the cardholder receives the card, not months ahead of time. They feel that by the time they get their card months later, they have forgotten many of the procedures. The researcher agrees with this recommendation. The bank card training program is doing what it's intended to do- preparing cardholders for using the card - not making them procurement experts.

## **5. Assessment of the BankCard Program - Results and Analysis**

### **a. Question 9**

Are the current bank card instructions (NAWCWPNS BANKCARD HANDBOOK) issued by China Lake Site adequate? Yes/No. (If No, please explain)

### **b. Analysis**

Eighty-seven (87) percent of the cardholders believed that the current bank card handbook is adequate. While most of the cardholders indicated that the instructions are adequate, some commented that the manual could be better organized. One individual recommended that the manual have numbered pages, dated, with a revision number on each page. One person recommended adding a section that discussed the financial system. Only thirteen (13) percent of the cardholders felt that the instructions were inadequate. Some of the reasons include:

1. The instructions are good, just way too much. You don't need a 3-inch stack of

paper. Condense it and cover only what is required.

2. The instructions need more information on mandatory sources. SPEDI rules are unclear.
3. Some portions require assistance from a trained procurement specialist to interpret.
4. The instructions could be better organized, specifically in the area of a detailed table of contents.
5. Instructions are not being updated properly. It is difficult to figure out where updates should be inserted and when they occurred.

**c. Question 10**

Do you believe the bank card program has improved the small purchase process at your activity? Yes/No (Please explain)

**d. Analysis**

Ninety-nine (99) percent of the cardholders believe that the small purchase process has improved in their activity. Most cardholders are very excited about the program. Almost every survey had a positive comment about the program. Some cardholders have experienced a reduction in the time it takes to receive materials by several months. The major benefits stated by the cardholders include:

1. Quicker response time. It's faster than doing a stub for procurement.
2. Easier to receive material to complete tasks in a more efficient and timely manner.  
(Material is on hand long before the paperwork is completed.)
3. Faster and cheaper than the stub process; reduces red tape/paperwork.
4. The bank card has cut down on delays. Great tool when supplies are not available

through the supply system (e.g., NSN items).

5. You can contact a vendor directly, without having to go through supply channels.
6. It has eliminated the backlog in small purchases.
7. The activities can set their own priorities.
8. Positive impact on daily productivity.

Only one individual responded that the program has not improved the small purchase process.

He or she felt that it has mostly shifted the workload from the procurement side to the technical side and has reduced the number of personnel at the small purchase activity. This individual was a Logistics Management Specialist. The researcher believes the negative response is skewed because the individual's procurement activity was reduced from 40 personnel to approximately 12.

The most common answer was the quicker response time involved in a bank card purchase. As discussed in Chapter III, the average response time for an NAWCWPNS bank card purchase is between 1-5 days. This is a significant reduction from the simplified acquisition method which can be four times that long. The primary reason is that the cardholder deals directly with the vendor. There is no middleman involved. Cardholders can obtain their requirements, especially urgent requirements, much quicker using the bank card than by having to use the contracting office.

**e. Question 11**

Do you have any difficulties in using the bank card? Yes/No (Please explain)

**f. Analysis**

Seventy-four (74) percent of the cardholders felt there were no difficulties

while twenty-six (26) percent said there were difficulties in using the card. Some of the difficulties encountered include:

1. Getting people to understand the need to charge them for time spent on purchases.
2. Getting a valid job order number (JON) to ensure material is charged to the right job.
3. Too many restrictions on the "don't buy" lists.
4. Some cardholders spend less time on their primary duties.

Cardholders do incur additional work as a result of being authorized to make bank card purchases. However, the amount of time and paperwork required for a bank card purchase is less than that required by other simplified acquisition methods. Getting people to understand the need to charge them for time spent on purchases is not just a bank card problem. Numerous activities are now charging a fee-for-service in order to get reimbursed for their work under the Defense Business Operating Fund (DBOF). Getting a valid JON is also a problem that existed before the use of the bank card.

**g. Question 12**

Do vendors readily accept Government bank card orders? Yes/No. (If No, please explain)

**h. Analysis**

All cardholders (100 percent) stated that vendors readily accept the bank card. Most vendors prefer the card because they get their payment right away. In one case an individual mentioned that a vendor did not accept credit cards at all, not just the Government bank card. Some cardholders mentioned that when the program started they had difficulty

finding vendors that accepted the card. Now most vendors readily accept the card. As discussed in Chapter II, Section E, the benefits of increased sales, increased profitability and reduced expense have encouraged more vendors to accept the card.

## **I. Question 13**

What major problems have you experienced? None / Sales tax charged/  
Vendor Acceptance / Other

### **j. Analysis**

Twenty-four (24) percent of the cardholders indicated they experienced no problems. Only two individuals reported vendor acceptance as a problem. The major problem experienced by most cardholders has been sales tax charges. Sixty (60) percent of the survey respondents experienced sales tax charges. The GSA contract, RMBCS billing office guide, and NAWCWPNS Handbook clearly specifies that it is the responsibility of the cardholder to make sure the vendor is aware that the I.M.P.A.C. card is tax exempt before finalizing the purchase. If they do not remind the vendor, the activity will be billed for tax and it must be authorized for payment. The cardholder is then obligated to seek reimbursement through the vendor, as RMBCS is not required to assist. NAWCWPNS policy states that it is up to the cardholder to determine what is advantageous to the Government, whether to obtain a credit or absorb the cost. [Ref. 8, Section 5] When charged sales tax, cardholders must request credit from the vendor. The vendor must prepare a credit transaction, and RMBCS must process the transaction. All parties involved in the transaction are performing additional tasks which can be avoided from the start of the transaction. Some other problems experienced by cardholders include:

1. Vendors not sending out invoices, or sending invoices months later.
2. Unauthorized split shipments from vendors.
3. Some charges are different from the original quoted price.
4. Late deliveries and vendor back orders.

These comments were reported by less than eight (8) percent of the respondents. The researcher believes that these are minor problems. Delivery and invoice problems are not caused by the use of the card. They are vendor inefficiencies.

**k. Question 14**

Are there any bank card restrictions (don't buy lists) that have hindered the small purchase process at your activity? Please explain, including drawbacks?

**I. Analysis**

When the researcher started examining the restrictions on the bank card program, CDR Webster, the Director of Weapons Systems Contracts Group, China Lake stated that the biggest drawback of the program at the time was the restriction on the use of the bank card for acquiring services. [Ref. 23] Thirty-six (36) percent of the cardholders also responded that the services restriction was the most significant drawback of the program. This was one area where the researcher planned to focus on. The prohibition on the use of the bank card for acquiring services was due to a Department of Labor (DOL) requirement. However, regulatory relief has been obtained from DOL and effective October 1995, DON cardholders can use the card to obtain firm-fixed price commercially available services.

Fourteen (14) percent of cardholders suggest that the preferred source "SPEDI" hinders bank card buying because it is very hard to find which items are on SPEDI.

The catalogs are ambiguous and the items are constantly changing. Several cardholders mentioned that they have been able to get quotes which are cheaper than what is on the SPEDI contract. The requirement to check SPEDI is time consuming. Twelve (12) percent of cardholders consider the hazardous material (HAZMAT) restrictions for items such as toner cartridges, printer ink, and batteries a hindrance to the small purchase process.

The researcher agrees that the restriction on services was a major drawback of the system. Some guidelines should be implemented on the use of the card for services now that the restriction has been lifted. It is beyond the scope of this thesis to research the effects of SPEDI on the bank card program. However, initial life cycle process cost discussed in Chapter III show that the cost of a SPEDI transaction is significantly lower than the cost of a traditional simplified purchase transaction. [Ref. 12] The HAZMAT items mentioned above are normally available from other sources (e.g., SERVMART). These readily available commercial off the shelf (COTS) items should be classified as special HAZMAT material and be exempted from the "don't buy" list. If they can be purchased using the bank card, the activity should not have to worry about storage or tracking.

**m. Question 15**

Has the bank card program met your expectations? Yes/No. (If No, please explain)

**n. Analysis**

Ninety-two (92) percent responded that the bank card program had met their expectations. Only seven (7) percent felt that the program did not meet their expectations. Some comments from the cardholders that felt that the program did not meet their

expectations included:

1. The data entry process is time consuming.
2. Sometimes the checks and balances exceed the desired results.
3. There are too many regulations.
4. Too much added work being placed on cardholders.

The researcher believes that the data entry saves work in the long run because these data are used by other activities for transactions and reports which would normally require those data to be reentered. The regulations that are in place and checks and balances also apply to other procurement methods. The cardholder who felt the additional work performed by cardholders was too much should also consider the additional paper work and time to initiate and track a requisition using the simplified acquisition method. Comments received from the majority of cardholders indicated that the program is economically smart and has simplified small purchase procedures.

**o. Question 16**

How do you feel the bank card program can be improved? (Please explain)

**p. Analysis**

Thirty-five (35) percent of cardholders did not answer this question. Sixty-five (65) percent of the cardholders made suggestions on how they felt the program can be improved. An analysis of the areas where cardholders indicated improvement was needed is provided below. The percentage following the statement is calculated from the responses of the 65 percent of cardholders who made suggestions. The areas for improvement are:

1. Increase the \$2,500 buying limit to at least \$5,000. (33%)

2. Increase the \$25,000 monthly limit to at least \$50,000. (25%)
3. Simplify and reduce the restrictions on the “don’t buy” list. (12%)
4. Eliminate HAZMAT restrictions on certain products, specifically copier toner cartridges, ink, and batteries. (11%)
5. Eliminate the SPEDI program at China Lake. (5%)
6. Eliminate the monthly audits. (One individual)
7. Go back to using the program card for emergencies only. (One individual)
8. Use data entry technicians to enter bank card purchase data in the computer system instead of high cost engineers who buy technical material. (One individual)
9. Conduct refresher training. (One individual)

The remaining fourteen (14) percent of the respondents also mentioned the removal of the restriction on services. As mentioned previously, this restriction has been eliminated effective October 1995. Most cardholders had completed the survey prior to this change. The researcher considers some of these recommendations improvements in the operating procedures for specific activities, not improvements to the bank card program. The researcher agrees that increasing both the transaction limit and the monthly purchase limit should increase the number of bank card transactions and reduces the overall cost of small purchases. However, those limits are regulated by law. Eliminating the SPEDI program does not help the bank card, it only eliminates a process which has proven to reduce the cost of the small purchase process. The use of data entry technicians is not feasible or cost effective since the average cardholder only makes approximately thirteen purchases per month.

**q. Question 17**

How do you rate the bank card program at NAWCWPNS on a scale of 1 to 10?

Excellent	Good	Average	Poor	
10 - 9	8 - 6	5 - 3	2 - 1	Score _____

**r. Analysis**

A breakdown of the cardholder responses is included in the Table 4-1 below. The average rating for the bank card program was 8.75. This indicates that the majority of the cardholders firmly believe that the program falls between the excellent and good category. There are some improvements they would like to see in the program. Most of the responses in the excellent category gave the program a 10. The majority of the cardholders are very excited about the program and would like to increase its use.

	EXCELLENT	GOOD	AVERAGE	POOR
RESPONSES	64	70	7	0

Table 4-1. NAWCWPNS BankCard Program Rating

**s. Question 18**

How do you feel the NAWCWPNS program compares to other activities?  
(Circle the ones you feel apply)

- (1) About average Navy wide.
- (2) Better than average Navy wide.
- (3) Lower than average Navy wide.
- (4) About average DoD wide.

- (5) Better than average DoD wide.
- (6) Lower than average DoD wide.
- (7) The same for all Government agencies.
- (8) Don't know about other agencies.

**t. Analysis**

Forty-seven (47) percent of the cardholders who answered this question felt the NAWCWPNS program is better than average Navy wide while only ten (10) percent believed the program is average. Twenty-nine (29) percent believe the program is better than average DOD wide. Nine (9) percent felt the program was average DOD wide. The majority of cardholders (37 percent) did not have experience or knowledge about other agency programs. There were no cardholders who felt the program was below average. Table 4-2 provides a breakdown of all survey respondents who answered this question.

(1) About average Navy wide.	10
(2) Better than average Navy wide.	44
(3) Lower than average Navy wide.	0
(4) About average DOD wide.	9
(5) Better than average DOD wide.	27
(6) Lower than average DOD wide.	0
(7) The same for all Government agencies.	0
(8) Don't know about other agencies.	48

Table 4-2. NAWCWPNS Program Comparison

**u. Question 19**

What is your position title? What is your grade/rank?

**v. Analysis**

The responses to this question were very interesting to the researcher. While performing a background search and literature review the researcher found that a number of activities issue bank cards mostly to supply and/or procurement department personnel. In one Army activity ninety (90) percent of cardholders were supply/procurement personnel. [Ref. 16] Only forty (40) percent of NAWCWPNS survey respondents are nontechnical personnel. These positions included Budget Analyst, Material Controller, Accounting Technician, Office Manager, Administrative Officer, Secretary, Aviation Storekeeper, Public Affairs Assistant and Logistics Management Specialist. The majority of the nontechnical respondents were office managers. The grade/rank of these individuals ranged from Second Class Petty Officer to GS-11 or equivalent.

Sixty (60) percent of the cardholders at China Lake work in technical positions. Some of these positions include Electronics Engineer, Research Chemist, Physicist, Physical Science Technician, Mathematician, Computer Specialist, Engineering Technician, Industrial Engineer and Machinist. The grade/rank of most of these respondents was GS-12/13 or equivalent. It is the researcher's opinion that bank cards should be issued primarily to non-procurement personnel. Having non-procurement personnel make small purchases less than \$2,500 allows the procurement department to spend more time and effort in those requirements that must be purchased using other procurement methods.

**w. Question 20**

Additional comments. Card holders were requested to make any additional comments about the bank card program.

## **x. Analysis**

Only thirty (30) percent of the cardholders made additional comments about their program. The majority of the comments were issues that were discussed in previous questions. However, the cardholders reiterated their recommendations several times. Particularly noted was the services issue which has already been changed. Most of the comments were positive and encouraging. Some of these included:

1. It's a great program.
2. It's the best thing that ever happened to procurement.
3. Keep up the great support!
4. The bank card program has simplified purchases "10 fold."
5. Technical people can accomplish their jobs with less procurement frustration.
6. The program is considered vital to the section's effectiveness and productivity.
7. The program allows end users to communicate their needs directly to a vendor who may have more experience/knowledge about their requirement.
8. The bank card is the most efficient way to procure emergency requirements.

Some additional comments with recommendations and improvements included:

1. The accounting system seems to need streamlining.
2. Utilize a more modern, updated data entry program that requires less typing and incorporates more defaults.
3. People who abuse the privilege of using the card should lose their card permanently.

4. Some people do not want the additional responsibility because of the additional work load.
5. Don't let the program get too "bogged down" with restrictions and limitations.

## B. SUMMARY

This chapter presented and analyzed the data obtained from the survey of cardholders at three Naval Air Warfare Center Weapons Division, China Lake, California sites. The research showed that cardholders are very satisfied with the program. The average rating of the program on a scale of one to 10 was 8.75. Most cardholders also felt that their program at China Lake was better than average both Navy and DOD wide. The instructions and training provided to cardholders adequately prepare them for the cardholder duties. Some cardholders suggested that the training be completed closer to the actual date they receive their cards so they don't forget the procedures. Ninety-nine (99) percent of cardholders believe the bank card program has improved the small purchase process at their activity. Seventy-four (74) percent of the cardholders felt there were no difficulties using the card. However, sixty (60) percent of the cardholders said they have experienced difficulties with vendors charging sales tax. The bank card restriction (don't buy lists) that cardholders felt was the biggest hindrance to the program was the restriction of using the card for services. This restriction was removed effective October 1995. All cardholders stated that most vendors readily accept the bank card. Chapter V will present conclusions and recommendations to the Director of Weapons Systems Contracts Group at NAWCWPNS, China Lake, California.



## **V. CONCLUSIONS AND RECOMMENDATIONS**

The purpose of this research was to analyze the bank card program at the NAWCWPNS China Lake, CA. An overview of the program, including the history and background of the Government-wide and NAWCWPNS BankCard was presented. This chapter presents the conclusions of the research, offers recommendations, and suggests areas for further research.

### **A. CONCLUSIONS**

Conclusion 1. The use of the Government-wide commercial bank card program at NAWCWPNS China Lake, California has been very successful. A survey of current cardholders indicates that the program has been efficient and effective. Customers continue to use the bank card system in preference to the old simplified acquisition methods due primarily to the reduction in costs, paperwork, and time required to fill material requirements. Figure 5-1 on the following page illustrates the growth of the program by comparing the number of purchase actions from Fiscal Year (FY) 1987 through FY 1995. The simplified acquisition purchase actions have decreased from 100 percent in FY 1987 to 15 percent of purchase actions in FY 1995. The BankCard purchases have increased from 2.5 percent of purchase actions in FY 1988 to more than 52 percent in FY 1995. BankCard purchases have increased significantly in most Federal agencies. Program sales have increased from \$9 million in 1989 to an expected \$1 billion in FY 1995.

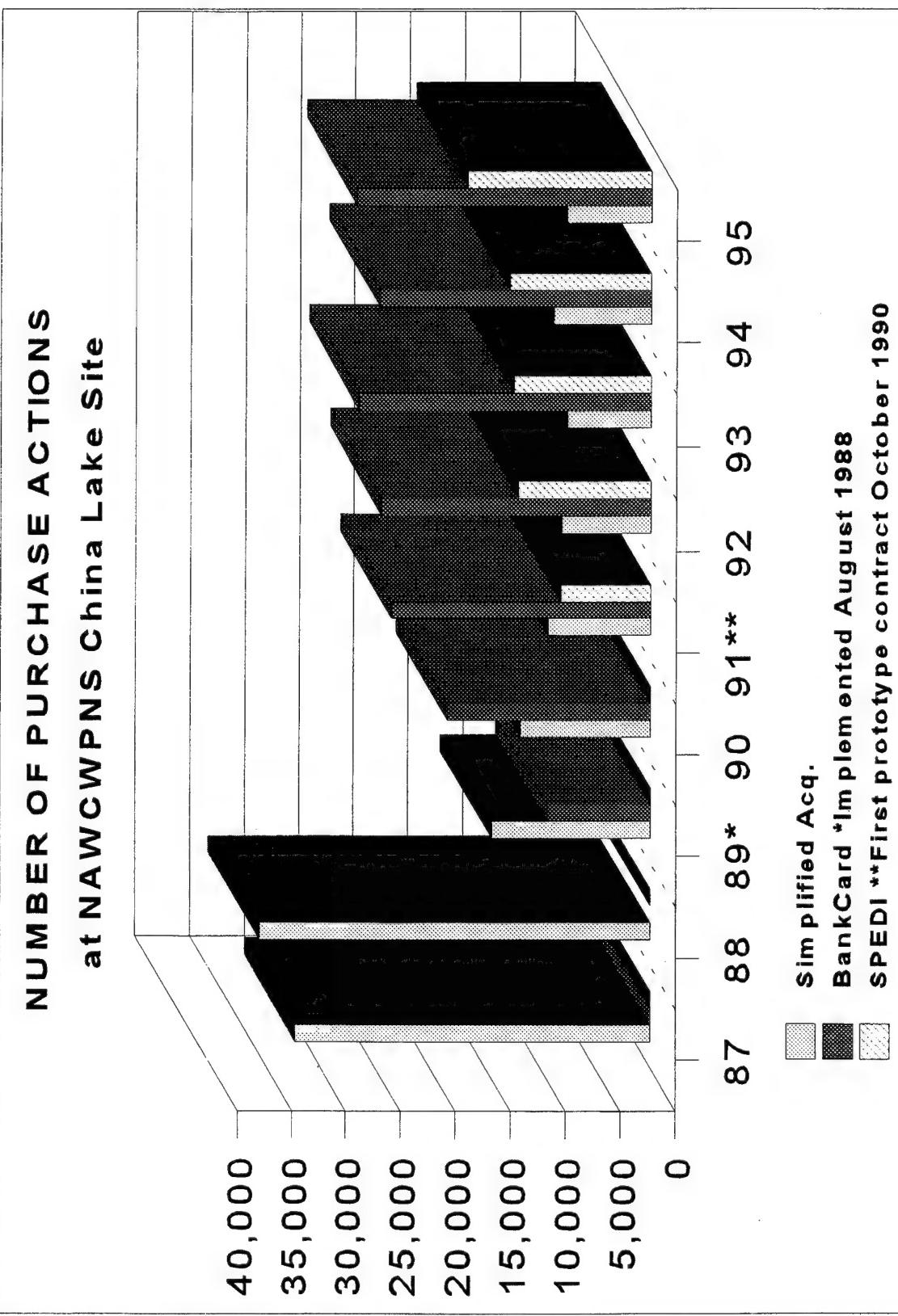


Figure 5-1. NAWCWPNS Purchase Transactions.

Conclusion 2. The acceptance of the bank card is driven not just by the National Performance Review and FASA policy but also by a desire to provide customers a means of acquiring commercial items without going through a procurement process perceived by many as too slow and rigid. It is also driven by contracting officials who, in a time of reduced personnel resources, are attempting to ease the workload of their offices of the routine solicitation and ordering transactions to which procurement adds little value. The leadership and management at NAWCWPNS has recognized that there will always be a place for traditional simplified procedures and that no system is a panacea. However, they have supported and improved a BankCard program which exceeds the recommendations of the NPR and can easily become the standard for all DON activities.

Conclusion 3. The Contracts Competency at NAWCWPNS strives to be a world-class organization by consistently exceeding customer expectations and setting the standard of excellence for the procurement community. Recent executive studies, such as Vice President Al Gore's National Performance Review, suggest numerous opportunities for improvement by streamlining the Federal procurement process. The NAWCWPNS has already been recognized for their efforts in this regard in the form of a Hammer Award. [Ref. 14] The NAWCWPNS BankCard program has already worked out initial implementation discrepancies and problems and has automated their program making the entire process easier, faster, and the lowest cost method of processing small purchases.

Conclusion 4. It is the responsibility of the individual cardholder to make sure the vendor understands that Government bank card purchases are exempted from sales tax. However, some vendors continue to charge the sales tax. Sixty (60) percent of cardholders

at NAWCWPNS China Lake have experienced this problem. The researcher's literature review showed that this is a Governmentwide problem that has existed since the inception of the bank card program. While taxation is a small portion of the purchase total, the aggregate sum of these charges can represent a significant amount of money that the Government cardholder is currently tasked with recovering.

Conclusion 5. Most commercial vendors readily accept the Government I.M.P.A.C. Visa card. As agency buyers increasingly discover the benefits of making small purchases using the bank card, they are seeking those vendors who honor VISA for the purchase of goods and services. The bank card program has improved the relationship of the Government and vendors by assuring the vendors receive prompt payment for goods and services. Unlike the acceptance of a Government Purchase Order, where a vendor may wait thirty to sixty days or more for payment, the vendors are paid immediately from VISA. The I.M.P.A.C. card can also be used to satisfy mandatory source requirements under Javits-Wagner-O'Day (JWOD) Program. The JWOD Program was established in 1971 to increase employment and training opportunities for people who are blind or have other severe disabilities and, whenever possible, to prepare them for competitive employment. The card can be used to buy JWOD supplies through the GSA Customer Supply Center.

## **B. RECOMMENDATIONS**

Recommendation 1. The Department of the Navy should take a more active role in the future of the bank card program. The Naval Supply Systems Command has issued policy and instructions to activities on how to get started with the program and has identified

additional restrictions and limitations. However, there are no established goals or a vision for the future of the program. While conducting research for this thesis the researcher reviewed the policies and procedures for the Army, Air Force and other Federal agencies. An example of a method to initiate bank card program goals would be to propose Fiscal Year goals similar to those established by the U.S. Army's Training and Doctrine Command (TRADOC). TRADOC established the following credit card program goals: [Ref. 19]

1. Fiscal Year 1995:

- a. 60 percent of all actions below \$2,500 awarded by credit card.
- b. 100 percent of all "supply" actions below \$500 by credit card.
- c. Applicable to ALL installations.

2. Fiscal Year 1996:

- a. 80 percent of all actions below \$2,500 awarded by credit card.
- b. 100 percent of all "supply" actions below \$1,000 by credit card.
- c. Applicable to ALL installations.

The researcher understands that there are some differences in programs, procedures, and materials and services required by Navy activities and other DOD activities (e.g., SPEDI procedures). However, most purchases below the \$2,500 are generally the same. By establishing goals, management will ensure that activities are aware of the benefits associated with the use of the bank card for small purchase transactions.

Recommendation 2. The least expensive way to resolve the problem of sales tax charges is to publicize the card. Coordinate with other Government agencies and send out information flyers which include language that specifies that U.S. Government purchases are

exempted from sales tax. Another avenue is to approach VISA or RMBCS to mail out the rules and regulations about Government tax exempt status to all its customers.

NAWCWPNS can also initiate a proposal to NAVSUP to investigate and develop a procedure, in conjunction with RMBCS and other agencies, that classifies a Government credit card purchase during the authorization process at RMBCS. When the authorization returns to the initiating vendor it can include a code that identifies the transaction as a tax exempt transaction.

Recommendation 3. The Naval Supply Systems Command should encourage **all** Navy activities, including ships, to implement and support the bank card program. They should supply lessons learned from the implementation of the bank card and also disseminate the results of the life cycle costs experienced at NAWCWPNS and other activities as examples of successful programs. Activities currently participating in the program must decentralize their programs and allow non-procurement personnel to utilize the bank card. The benefits of decentralizing will exceed any possible risks involved with decentralization. As discussed in Chapter IV, 77 percent of the NAWCWPNS cardholders are not procurement personnel.

Recommendation 4. The DON should initiate a project similar to the Purchase Card Council. The council can consist of representatives from DOD organizations. (The original Purchase Card Council did not include DOD participation.) The goals of the council can include:

1. Share “best practices” in implementation of the bank card program.
2. Review administrative and regulatory barriers to card use.
3. Promote card use by establishing goals.

4. Publicize the benefits of the card.
5. Develop a standard DOD training and procedure instruction.
6. Develop a standard automated bank card program.
7. Review the benefits associated with Volume Based Refunds. Conduct a cost-benefit analysis to determine if reducing file turn days is cost effective. File turn is the term used for the amount of time expired from the initial bank card transaction until the actual payment is received by RMBCS.

The NAWCWPNS program can be used as a model for other activities to follow.

Recommendation 5. RMBCS offers financial incentives in the form of rebates to agencies that improve their overall file turn below 54 days. Refunds are calculated by determining the agency billing level's average file turn and multiplying the factor associated with that file turn by the sales made in the period. The factor ranges from .003 percent for a file turn of 53 days to .640 percent for a file turn of one day. The faster you pay the bigger the rebate. For example, an agency that has annual sales of \$5 million that has a file turn of ten days (refund factor .00516) can receive an incentive of \$25,800 ( $\$5,000,000 \times .00516$ ). The Navy's file turn for the reporting period November 1994 to January 1995 was 108 days average out of 161 participating activities. NAWCWPNS China Lake's file turn was only 64 days. (The researcher believes these numbers may be high due to the holiday period.) One of the biggest reasons China Lake has a much better file turn average is their automated bank card program. The researcher strongly recommends Navy activities review and implement procedures similar to those in effect at China Lake.

## C. ANSWERS TO RESEARCH QUESTIONS

Primary Research Question: What is the bank card process at Naval Air Warfare Center, Weapons Division (NAWCWPNS) China Lake, California, and how might the program be utilized as a procurement example to enhance Department of the Navy (DON) bank card purchases? Chapters II and III of this research describe the details and procedures of implementing the bank card program and illustrate a typical transaction flow at NAWCWPNS China Lake. The bank card program at NAWCWPNS China Lake is considered to be a very successful program. As indicated by the responses of a survey administered to cardholders, 99 percent of cardholders felt the bank card program has improved the small purchase process at their activity. During the literature review for this thesis the researcher read various theses and articles making recommendations to the bank card program such as automating the program, decentralizing the programs by allowing non-procurement personnel to be cardholders, encouraging the use of the card, and performing a cost-benefit analysis comparing the cost of a bank card transaction to other purchasing methods. The NAWCWPNS has already implemented and performed all those recommendations. They continue to be a world-class organization by consistently exceeding customer expectations and setting the standard of excellence for the procurement community. It is the researcher's opinion that the DON should establish the China Lake program as the Navy standard. NAWCWPNS can also initiate a DOD council to share knowledge and experiences in order to implement a standard basic program for all DOD activities to implement and follow.

Subsidiary Research Question 2a. What are the processes and procedures involved

in bank card purchases at NAWCWPNS? Chapter III of this research described the details of the China Lake bank card program. The program was initially established to help technical codes get small purchases, or emergency material in a rapid and efficient manner. Due to the success and efficiency of the program the card is now being used more frequently for procuring material less than \$2,500. The transaction flow for a Government credit card purchase is a relatively simple process that is identical to a commercial credit card transaction. NAWCWPNS has implemented an automated bank card process that is also an effective data gathering and management tool. The process starts with the cardholder preparing a purchase log entry. After the purchase is made, the transaction is reviewed by an Approving Official who then forwards the transaction to cost accounting for processing.

Subsidiary Research Question 2b. How does the cost of the NAWCWPNS bank card program compare to other small purchase processes? A cost-benefit analysis performed by ten Executive Branch agencies showed that the average cost of a Purchase Order was \$94.20. The cost of a BankCard order was \$40.43. This resulted in a potential savings of \$53.77 per bank card order. A similar study conducted at NAWCWPNS China Lake showed the average cost per line item in a Supply System Requisition was \$270.38; the cost per line item for a Simplified Purchase was \$177.06; the cost of a SPEDI transaction was \$97.18 per line item, and the cost of an Automated BankCard purchase was only \$44.60. The cost of a BankCard purchase is by far the least costly of all the current methods of small purchase transactions.

Subsidiary Research Question 2c. Why should commercial vendors accept the Government credit card? While the I.M.P.A.C. program simplifies and speeds the procurement process for the Government, it also provides the following benefits to the

commercial vendor:

1. Increased Sales - As agency buyers increasingly discover the benefits of paying with I.M.P.A.C., they are seeking those vendors who honor VISA for the purchase of goods and services.
2. Increased Profitability - Unlike the acceptance of a Government Purchase Order, where you may wait thirty to sixty days or more for payment, vendors are paid immediately when payment is by the I.M.P.A.C. VISA card. The elimination of float means greater profitability for the vendor.
3. Reduced Expense - Because vendors are not required to process special Government procurement forms and to become involved in the agency's accounting process, sales to Government agencies become less paper intensive and conform to the routing procedures they now follow with commercial sales.

#### **D. AREAS FOR FURTHER RESEARCH**

As a result of this undertaking, the researcher discovered a number of areas that could be further researched. The following are topics that could be studied with respect to the bank card program.

1. What affect will the use of credit cards aboard ships have on support facilities ashore?
2. Can a cost-benefit analysis of the bank card program be conducted to indicate the possible savings to an agency if payment procedures improved? Is it cost effective to attempt improving on the time it takes to pay the bills in order to receive the early

payment rewards offered by the program?

3. Examine available training materials and agency procedures within the DOD and develop a standard instruction and program which can be used by all DOD activities.
4. Examine the costs and benefits of raising the current bank card small purchase limit from \$2,500 to \$5,000.



## **APPENDIX A. ACRONYMS**

- APC - Agency Program Coordinator
- BPA - Blanket Purchase Agreement
- COTS - Commercial off-the-shelf
- DFARS - Defense Federal Acquisition Regulation Supplement
- DFAS - Defense Finance and Accounting Service
- DLA - Defense Logistics Agency
- DOD - Department of Defense
- DON - Department of the Navy
- FAR - Federal Acquisition Regulation
- FASA - Federal Acquisition Streamlining Act
- GAO - General Accounting Office
- GSA - General Services Administration
- I.M.P.A.C. - International Merchant Purchase Authorization Card
- NAWCWPNS - Naval Air Warfare Center Weapons Division
- NAVSUP - Naval Supply Systems Command
- NPR - National Performance Review
- OMB - Office of Management and Budget
- RMBCS - Rocky Mountain BankCard System
- SAT - Simplified Acquisition Threshold
- SPEDI - Small Procurement Electronic Data Interchange



## **APPENDIX B. CARDHOLDER SURVEY**

**INSTRUCTIONS:** This survey is designed to provide a general assessment of the NAWCWPNS BANKCARD (Credit Card, VISA, I.M.P.A.C.) program. Surveys are being forwarded to cardholders and approving officials. Responses should be based on your experience. Please read each question carefully, mark the appropriate response, and provide your answer in the designated spaces. Please FAX completed surveys not later than 10 November 1995 to LT Mickey Zayas, Naval Postgraduate School, SMC 1624, Monterey, CA 93943. Surveys can also be forwarded via E-mail to mazayas@nps.navy.mil.

NPS FAX 408-656-2138 DSN 878-2138

### **PROCUREMENT EXPERIENCE**

1. Prior to becoming a card holder, had you ever worked in Government procurement? Yes/No How long? \_\_\_\_ years \_\_\_\_ months
2. Are you currently a cardholder? Yes/No If yes, how long have you been a cardholder? \_\_\_\_ years \_\_\_\_ months
3. What is your average number of monthly credit card purchases? \_\_\_\_ purchases/month

### **TRAINING**

4. How many hours of credit card training did you receive prior to becoming a cardholder? \_\_\_\_ hours
5. Have you received follow-up training? Yes/No
6. What type of training did you receive? Video / Classroom / Other

- 
7. Did the training you received adequately prepare you for the duties of cardholder? Yes/No (If No, please explain) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

8. How can the training be improved?  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## ASSESSMENT OF THE BANK CARD PROGRAM

9. Are the current bank card instructions (NAWCWPNS BANKCARD HANDBOOK) issued by China Lake Site adequate? Yes/No (If No, please explain)

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10. Do you believe the bank card program has improved the small purchase process at your activity? Yes/No (Please explain)

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11. Do you have any difficulties in using the bank card? Yes/No (Please explain)

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12. Do vendors readily accept Government bank card orders? Yes/No (If No, please explain)

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---

13. What major problems have you experienced? None / Sales tax charged / Vendor Acceptance / Other

---

---

14. Are there any bank card restrictions (don't buy list) that have hindered the small purchase process at your activity? (Please explain, including drawbacks)

---

---

15. Has the bank card program met your expectations? Yes/No (If No, please explain)

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16. How do you feel the bank card program can be improved? (Please explain)

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17. How do you rate the bank card program at NAWCWPNS on a scale of 1 to 10?

Excellent 10-9	Good 8-6	Average 5-3	Poor 2-1	Score _____
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18. How do you feel the NAWCWPNS program compares to other activities: (circle the ones you feel apply)

- (1) About average Navy wide.
- (2) Better than average Navy wide.
- (3) Lower than average Navy wide.
- (4) About average DoD wide.
- (5) Better than average DoD wide.
- (6) Lower than average DoD wide.
- (7) The same for all Government agencies.
- (8) Don't know about other agencies.

19. What is your position title? \_\_\_\_\_  
What is your grade/rank? \_\_\_\_\_

20. Additional comments. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

If you have questions about the survey or additional comments about the bank card program, please contact LT Mickey Zayas, COM (408) 656-2536/2537 #1624, DSN 878-2536/2537 or E-mail [mazayas@nps.navy.mil](mailto:mazayas@nps.navy.mil). FAX (408) 656-2138 DSN 878-2138.



## **APPENDIX C. MERCHANT CATEGORY CODE TABLE**

The following list contains I.M.P.A.C. Merchant Category codes which may be used in any combination to restrict cardholder purchases. If a code, or combination of codes, is used when setting up an account for a particular cardholder, no electronic authorization will be granted when a cardholder attempts to make a purchase.

### **CODE MERCHANT CATEGORY**

A	Airlines
B	Vehicle Rental, Dealers, Service, Gasoline, Parts, Towing
C	Hotel, Motel
D	Miscellaneous Transportation (R.R., Taxi, Ambulance, Bus) Freight, Courier Service
E	Telephone, Telegraph, Cable Services, Cable Equipment, Utilities
F	Telemarketing Travel-Related Arrangement Services (No Travel Agencies)
G	Mail Order Houses, Telephone Purchases, Subscription/Continuity Merchant
H	Food/Dairy Stores, Drug/Liquor Stores
I	Caterers, Restaurants, Bars
J	Discount/Department/Variety Stores, Miscellaneous General Merchandise, Duty Free Stores
K	Miscellaneous & Specialty Retail Stores - Lumber/Hardware, Lawn, Garden, Clothing, Home Furnishing & Equipment, Household Appliances, Music/Records, Government Services, Not Elsewhere Classified
L	Contractors
M	Camps, Camps Sites, Amusement & Recreational Services
N	Miscellaneous Personal Services
O	Miscellaneous Business Services
P	Medical Services
Q	Schools, Educational Services & Day Care
R	Membership Organizations, Charitable and Social Organizations
S	Fuel (Fuel Dealers, - Fuel Oil, Wood, Coal, Liquefied Petroleum)
T	Postage
U	Government to Government Sales



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